

Sustainability Plan 2017

Ecuador



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Legal Notice

This Sustainability Plan includes a set of actions which, in whole or in part, go beyond what is required by law and are aimed to contribute to sustainable development. Participating companies of Repsol Group have the firm intention to undertake and fulfill them. However, they reserve the right to modify, postpone or cancel their implementation without incurring liability, but undertake to publicly justify these possible cases.

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Our vision of sustainability and the preparation of this Plan

Sustainable development, currently framed by the United Nations in its 2030 Agenda and its 17 Global Goals, is a responsibility shared by political, social, and economic agents that requires decisive action.

At Repsol, we contribute to sustainable development by seeking to satisfy the growing demand for energy, which is necessary for the fulfillment of people's fundamental rights, and by creating value in both the short and long terms. We maximize positive impact and minimize negative impact on society and the environment throughout our value chain by acting ethically and transparently. In doing so, we seek to comply not only with regulations in force but also with the main international standards.

Under these premises, the Company adopted a sustainability model in 2010, which includes ethical, environmental, and social considerations in our decision-making process, based on dialogue with stakeholders. We repeat this exercise every year, formally and systematically incorporating these concerns into our decision-making processes and translating them into public annual action plans: the Sustainability Plans.

Over the years, this valuable external learning process and internal cultural change has enabled us to evolve and strengthen our sustainability model, focusing on the most relevant matters. In turn, this has helped us to define our organization's path towards a more effective contribution to sustainable development.

As a reflection of this learning, the current model focuses on six priority axes that define long-term sustainability objectives and annual lines of action. These axes revolve around the following topics, which structure our Sustainability Plans.



Repsol Ecuador's 2017 Sustainability Plan includes 16 actions that respond to the material issues identified by the Company's stakeholders. Transparency of information, respect for the rights of the most vulnerable communities in the areas of influence, management and mitigation of environmental impacts, and efficient management of the supply chain stand out as the most important aspects regarding the operations of Repsol Ecuador.

Actions are framed within the axes of: Ethics and transparency, People, Safe operation, Management of resources and impacts and Climate change. The largest number of actions focus on the axis of People (7).

87,5% of the actions included in this Plan are linked to the performance-based compensation system for people working at Repsol, which shows the Company's unequivocal commitment to maximizing our contribution to sustainable development.



The actions that make up this Plan help support the United Nations' 2030 Agenda for Sustainable Development by addressing the following Sustainable Development Goals (SDG):



SDG 3. Good health and well-being. The contribution to this goal focuses on measures to reduce risks produced by hazardous chemicals products and air, water and soil pollution and contamination (target 9).



SDG 8. Decent work and economic growth. This plan includes initiatives aimed at promoting the growth of micro-, small- and medium-sized enterprises (target 3), protecting labor rights and promoting a safe and secure working environment (target 8) and ensuring decent working conditions for all (target 5).



SDG 10. Reduced inequalities. This plan promotes social and economic inclusion in the areas where we operate, focusing especially on the most vulnerable groups (target 2).



SDG 12. Responsible consumption and production. The contribution to this goal is carried out through proposals for collaboration with our commercial relations, to have an impact on the adoption of sustainable practices (target 6) and to share information and awareness for the contribution to sustainable development (target 8).



SDG 13. Climate action. The specific measures of energy efficiency in our operations included in this plan will contribute to strengthen resilience and adaptive capacity to climate-related risks (target 1).



SDG 15. Life on land. This plan includes specific actions to ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services they provide, in particular forests (target 1), and to reduce the degradation of natural habitats and halt the loss of biodiversity (target 5).



SDG 16. Peace, justice and strong institutions. This plan commits actions related to ethics, accountability and transparency (targets 5 and 6), ensuring responsive, inclusive and participatory decision-making (target 7) and respect for fundamental freedoms (target 10).



Ethics and transparency

We act with integrity in all countries in which we are present. Our ethical conduct includes strict compliance with both the letter and the spirit of the law.

On this axis, we establish the set of actions that ensure the Company promotes and encourages a culture of integrity and responsibility for all Repsol employees, as well as for our suppliers, contractors, and business partners.

We also define transparency and accountability as differential elements in the Repsol sustainability model. To be credible, it is essential to be consistently transparent.

In this Sustainability Plan, we have committed to actions that will help the Company overcome the challenges we have set for ourselves in this area while responding to the main expectations of the stakeholders.

ACTION	Progress in accountability for Repsol Ecuador's sustainability performance.
DESCRIPTION	We will prepare, consolidate and widely disseminate the Sustainability Report of Repsol Ecuador, according to the international reporting standard of the Global Reporting Initiative (GRI).
INDICATOR	Publication of the report in its digital version, summary, and dissemination formats.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have worked on the drafting, consolidation, and publication of the 2016 Sustainability Report, validated by the GRI (Global Reporting Initiative) international standard, in its most exhaustive version. We have worked on dissemination with strategic partners such as the Global Compact, CERES (the Ecuadorian Consortium for Social Responsibility), Corresponsables, and the Chamber of Industries. Furthermore, we have presented the report to our stakeholders in Lago Agrio and published it on the website.

ACTION	Monitor the compliance with legal, tax, and work obligations of supplementary service contractors.
DESCRIPTION	We will monitor and verify the compliance with the obligations of supplementary service contractors: food and accommodation, safety and surveillance, cleaning of buildings. In the case of suppliers of critical specialized services, a monthly verification will be made, with public information on compliance with obligations.
INDICATOR	<ul style="list-style-type: none">- Monthly review of supplementary contracts.- Monthly review of contracts for specialized technical services.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	In 2017, we reviewed and submitted the supplementary service and specialized technical service company compliance report to the Procurement and Contracts department every month. This report specifies our contractors' degree of compliance regarding their obligations with control bodies, which are the Ecuadorian Social Security Institute, the Superintendence of Companies, and the Internal Revenue Service.

ACTION	Train the personnel of the Ecuador Business Unit in the applicable legislation and its reforms.
DESCRIPTION	We will give non-expert personnel specific training in human rights, occupational risks, and Repsol's new Code of Ethics and Business Conduct.
INDICATOR	One talk per topic.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have given lectures to employees on Human Rights, Labor Risks and Regulations, and the Code of Ethics and Business Conduct, and we have also trained our suppliers at the "5 th Supplier Conference" held by the Business Unit on November 27 th , 2017, at Swissotel Quito.

People

Our employees, communities, commercial relations, and customers are a primary axis in our sustainability model.

We know that the people that make up Repsol are our main competitive advantage and the key to becoming a sustainable company. We have a team of diverse, experienced, and committed professionals. We are committed to equal opportunities, the integration of people with disabilities, multi-culturalism, a work-life balance, training and development, and attracting and retaining talent.

Business operations are carried out in an increasingly demanding and informed social environment, and companies strive to establish sound relationships with local communities, based on the principles of respect, cultural sensitivity, integrity, accountability, transparency, good faith, and non-discrimination. At Repsol, we work to build lasting relationships of trust with the different agents with whom we interact, especially the communities neighboring our operations.

At Repsol, we are committed to continuing to respect human rights, and this means preventing our activities from having negative consequences for the local people and, if such a thing does occur, doing everything possible to repair the damage done.

This Sustainability Plan includes a commitment to the following actions, in line with the lines of work that Repsol has set on this axis of sustainability.

ACTION	Apply due diligence in human rights, ensuring that employees, contractors, subcontractors and visitors in Block 16 and Block 67 (Tivacuno) receive instructional training on rules of conduct with communities.
DESCRIPTION	We will disseminate by audiovisual means to employees, contractors, subcontractors, and visitors to the Block 16 and Block 67 (Tivacuno) facilities all the necessary information to understand the responsibilities associated with the execution of operations in territory inhabited by indigenous communities, learn about the rights which protect them, and standards of practice upon arrival.
INDICATOR	A record of the instructional training sessions will be kept.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have distributed the video on “Conduct Norms with Communities” to all internal staff, contractors, subcontractors, and visitors who enter our facilities and communities. We have translated it into English and included statements from the President of the Waorani Nation of Ecuador in their own language, with Spanish subtitles to aid visitors' understanding. The video clearly conveys the rules that people must follow and has generally been well received.

ACTION	Contribute to the correct application of prior consultation processes through the promotion of discussion spaces in prior, free, and informed consultation processes.
DESCRIPTION	We will propose spaces for exchanging experiences with the different actors involved, inside and outside of Ecuador, regarding free, prior and informed consent processes.
INDICATOR	Number of talks.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Unfulfilled
CLOSING TEXT	We have not been able to apply any free, prior, and informed consultation processes in the current year as there have been no projects related to discussion spaces generated by this topic. This activity is not planned for 2018.
ACTION	Contribute to the development of the Waorani communities and to the harmony of Repsol Ecuador's operations.
DESCRIPTION	We will agree to and execute 100% of the Annual Operations Plan -2017 AOP- (Repsol Ecuador - Waorani Nationality of Ecuador - NAWE), which includes education, health, organizational support, and other programs aimed at the Waorani Nationality of Ecuador - NAWE.
INDICATOR	<ul style="list-style-type: none"> - 100 % execution of the 2017 AOP. - Quarterly monitoring through a performance accountability mechanism which will have its own record.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have negotiated and agreed the 2017 Annual Operating Plan (AOP) with the Waorani Nation of Ecuador and we have implemented the programs contained in the Plan. We have also carried out four accountability processes; in the last one, the AOP NAWE 2017 Completion Certificate was signed, the execution of which reached 100%.

ACTION	Strive to constantly improve the occupational satisfaction of Repsol Ecuador's employees.
DESCRIPTION	After having performed the psychosocial evaluation in 2016, we will develop an action plan upon analyzing the results obtained.
INDICATOR	Fulfill at least 70% of the actions planned in 2016.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have carried out an action plan that includes general actions carried out for all staff, sponsored by P&O. This action plan seeks to improve the indices gathered in the psycho-social survey, mainly focusing on three main areas: workload, participation and supervision, and relationships and social support. We have also carried out specific actions for each area according to needs.
ACTION	Contribute to local development by promoting and increasing Repsol's procurement and contracting with local suppliers and/or contractors.
DESCRIPTION	We will contribute to the economic and social development of the communities in the area of influence of Repsol Ecuador and local development (country) by promoting local procurement and contracting by a total awarded amount of more than 70%.
INDICATOR	<ul style="list-style-type: none"> - Amount of local procurement and contracting / total amount awarded, greater than 70%. - Recording of the monthly indicator.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	During 2017, we managed the procurement and contracts process so that, by December, 90.3% of our suppliers were local and 9.7% were international, thereby contributing to local development. Five inclusive business and service contracts have been maintained with providers in the area, such as metallization services, hotel services, taxi service, hardware material supply, and maintenance of the vehicle fleet, among others.

ACTION	Implement social investment projects that will directly benefit the communities affected by our operations and will contribute to an inclusive community development process.
DESCRIPTION	We will continue to execute four winning projects of the 2015 edition of the Repsol Ecuador Foundation currently under way. These include: the improvement in the quality of education of the Waorani communities in Yasuni National Park, the start-up of an experimental pig farm in Dureno, the mobile medical care unit, and the promotion of business projects with the active participation of women and youth in the Orellana province.
INDICATOR	Follow-up reports every six months.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	In 2017, we continued to monitor, execute, and report on the four projects planned from Fundación Repsol's 2015 call for proposals in Ecuador: improving the quality of education for Waorani communities in the Yasuní National Park, the start-up of an experimental pig farm in Dureno, the mobile medical care unit, and the promotion of business projects with the active participation of women and youth in Orellana province.

ACTION	Put into practice the Voluntary Principles on Security and Human Rights (VPSHR) in all Repsol Ecuador security operations.
DESCRIPTION	We will implement a human rights training plan for private security personnel, putting into practice the guidelines that make up the official guide of the Voluntary Principles on Security and Human Rights international initiative.
INDICATOR	100% fulfillment of the VPSHR Training Plan.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have completed the Human Rights Training Plan, aimed at private security staff in accordance with the official guide of the international initiative on Voluntary Principles on Security and Human Rights.

Safe operation

In pursuit of our goal of Zero Accidents, we demand a high level of safety in our processes and facilities, paying special attention to the protection of people and the environment around us.

It is necessary to pay attention to the safety of both people and our processes. We employ a set of forward-looking actions that help us to control risks and prevent large industrial accidents.

We apply stringent measures during the design and maintenance of our facilities. We carry out periodical risk analyses following best practices at the international level, manage our response to emergencies efficiently, and provide appropriate training to our employees, thus strengthening our excellent safety culture.

However, when we speak about safety, we do not limit ourselves to our facilities but also refer to raising awareness among the suppliers and contractors we do business with. The launch and dissemination of the 10 Basic safety rules throughout the entire organization, to both employees and contractors, seeks to ensure that our supply chain meets the required safety standards.

Every year, the Corporate Executive Committee approves the sustainability goals. Safety is included with a weight of between 10% and 20% and has a direct impact on employees with performance-based compensation.

Below, we list the action that shows our commitment to safety and bring us closer to reaching our goal of Zero Accidents.

ACTION	Minimize the number of leaks in buried ducts in order to prevent environmental impacts through the monitoring of the corrosion control systems.
DESCRIPTION	Carry out preventive maintenance programs of the equipment that guarantees the safety of the processes and integrity of the facilities, to ensure their reliability and efficiency.
INDICATOR	<ul style="list-style-type: none">- Perform quarterly monitoring of the cathode protection systems.- Comply with the duct coating inspection program.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have carried out the cathodic protection systems (CPS) monitoring corresponding to the third quarter. We have also carried out all the studies planned on the coating of buried pipes. We have received the final report of the CPS review.

Management of resources and impacts

At Repsol, we share society's concern regarding the need to care for the environment in which we live. We seek to minimize the impact of our operations through adopting a low-emissions strategy, optimizing water management, reducing the contaminant load of spills, managing waste appropriately, improving spill prevention and response systems, and considering biodiversity a key component.

We've taken on the commitment to using the resources involved in our operations efficiently and in a more circular fashion. In 2016, Repsol set a new challenge: to seek opportunities in the Circular Economy that promote the sharing economy and represent an alternative to the linear economy of extracting, using, and throwing away.

This Sustainability Plan includes commitments to actions in line with the lines of work that Repsol has set on this axis of sustainability.

ACTION	Contribute to the improvement of the environmental standards of our value chain.
DESCRIPTION	We will work jointly with the areas involved at Repsol Ecuador to seek improvements in the assessment of suppliers for new contracts, with a view to contribute to the improvement of our value chain standards.
INDICATOR	<ul style="list-style-type: none"> - Number of procurement processes with at least three Health, Safety and Environment (HSE) assessment criteria / total number of procurement processes. - Implementation from the second half of 2017 (IIS).
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	We have assessed 40% of contracting processes (207 contracts) using the following S&E (Safety and Environment) criteria: 1. Staff trained on S&E issues, 2. Health risk matrices for Health, Industry, and the Environment, 3. Contingency Plans. We have worked on the first workshop for contract holders held on July 25 th , 2017, reinforcing the importance of assessing S&E aspects in tenders and the performance of services.

ACTION	Implement the necessary resources to minimize the impacts of Repsol Ecuador's exploration and production operations.
DESCRIPTION	<p>We will continue to develop the following restoration and remediation projects throughout 2017:</p> <p>Project 1: Integrated Restoration Plan of the area affected by the spill of Amo A, Block 16.</p> <p>Project 2: Integrated Remediation Plan of the area affected by the diesel spill at the Shushufindi Station.</p> <p>Project 3: Integrated Remediation Plan of the area affected by the diesel spill at km 66.</p>
INDICATOR	<ul style="list-style-type: none"> - Project 1: 75% fulfillment of the Integrated Restoration Plan of the area affected by the spill of Amo A, Block 16. - Project 2: 100% fulfillment of the Integral Remediation Plan of the area affected by the diesel spill at the Shushufindi Station. - Project 3: 100% fulfillment of the Integral Remediation Plan of the area affected by the diesel spill at km 66.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	<p>On October 31, we completed the Block 16 Integral Restoration Plan, which included maintenance of the reforestation area and monitoring of forest, environment, and biome indicators, with conclusions and recommendations. We also successfully completed the Shushufindi station Integral Remediation Plan, with the monitoring of parameters in the presence of the Environmental Authority and the filling of excavations and revegetation of the area, as carried out in Km 66.</p>

ACTION	Carry out actions that will contribute to ecological conservation in the areas affected by Repsol Ecuador's exploration and production operations (BAP: Biodiversity Action Plan).
DESCRIPTION	<p>We will continue to advance in the following projects:</p> <ol style="list-style-type: none"> 1. Ecological restoration within the scope of our exploration and production operations (replanting, fish farm, and nursery). 2. Carry out activities to identify, register, assess, recover, and monitor the deforested spaces of Blocks 16 and 67 (Tivacuno) and their areas of influence, with the aim of minimizing the risks of deforestation and adequately structuring the restoration process.
INDICATOR	<ul style="list-style-type: none"> - 100% fulfillment of the replanting, fish farm and nursery project. - 100% fulfillment of the activities for minimizing deforestation impacts.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	Fulfilled
CLOSING TEXT	<p>We have carried out the fish farm activities, as well as the replanting processes that are part of the same contract managed by the Community Relations area. We have also proceeded to build a family-scale replica, of 14 single-family pools. The activities were completed on October 31st, 2017. We have also been involved in the plant nursery: we planted seeds that, in turn, produce others that can be used in handcrafts (ormosia sp).</p>

Climate change

Repsol shares the concern regarding the effect of human activities on climate and the impact on global warming.

Our challenge is to supply safe, efficient, and accessible energy, reducing greenhouse gas (GHG) emissions from our facilities. To do so, we have made a commitment to use energy efficiently at our facilities and in our operations in order to preserve natural resources, reduce atmospheric emissions, and contribute to mitigating the effects of climate change. In this sense, we have implemented energy management systems according to the ISO-50001 standard at our facilities along with plans to reduce energy consumption and GHG emissions at the company level. In fact, with our current plan, we will achieve an annual reduction of 5 million metric tons of CO₂ by 2020, considering the reduction actions implemented since 2005. Energy efficiency is the main driving force behind these plans, supported by technology and innovation in our processes and operations.

We also work on solutions that enable society to enjoy a sustainable future with low GHG emissions. Even though all energy sources have their own importance in the energy mix, we promote natural gas as the most efficient solution to promote a structured transition to a low-emissions future, especially in electricity generation. Renewable energy sources will play an increasingly important role as their technological maturity enables them to become competitive. Likewise, in the medium-long term, carbon capture, use, and storage technologies will be crucial to achieving the goals of the Paris Agreement.

As proof of our commitment, Repsol has signed up for the Oil and Gas Climate Initiative (OGCI) in partnership with nine other companies in the Oil & Gas industry, with the goal of sharing best practices and technological solutions, as well as intensifying our investments in the fight against climate change. Thus, the OGCI Climate Investment fund was created, which will invest one billion dollars over the next 10 years to fund the development of technologies that can help to reduce GHG emissions.

Below, we list the actions in the Sustainability Plan related to this axis.

ACTION	Reduce the energy consumption in our operations through the use of the appropriate technology.
DESCRIPTION	We will implement an artificial jet-pump lifting system in Amo B and Ginta B wells of our operation at Block 16 that will allow an increase in the flow of liquids, thereby favoring a reduction in energy consumption.
INDICATOR	100% implementation of the project in 2017.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	In progress
CLOSING TEXT	We have reactivated the Amo-B well — which was temporarily abandoned — by installing jet pump technology that made it possible to resume production. The production target for the well was reached through the design of a second pump system capable of generating the differential pressure necessary to increase production, which was not possible with the first system's design. The second Ginta-B well was suspended to expand its scope in 2018.

ACTION	Prioritize the use of gas for the production of electricity.
DESCRIPTION	We will guarantee the availability of gas-fired electricity generation equipment by carrying out three major maintenances on Waukesha-brand engines and complying with the TR 2170 B turbine maintenance plan.
INDICATOR	<ul style="list-style-type: none"> - Fulfillment of the Waukesha engines overhaul plan. - Fulfillment of the TR 2170 B turbine maintenance plan.
CLOSING TO THE ACTION AS OF 12/31/2017	
STATUS	In progress
CLOSING TEXT	<p>By December 31st, 2017, we had carried out the following tasks: Fulfillment of 95% of the Waukesha gas generator overhaul plan. Two overhauls planned for December 2017 will be carried out by February 24th, 2018.</p> <p>We have completed the maintenance plan for the TR 2170 B gas turbine. Furthermore, overhaul and minor maintenance operations were carried out satisfactorily, in accordance with the established plan.</p>

Process of updating the Plan

This Sustainability Plan is a dynamic document.

Each year we will give an account of the extent to which the actions that make up this Plan have been carried out by publishing a monitoring report.

Moreover, given that the expectations of our stakeholders and the issues that concern them are changeable and subject to the evolution of events during the course of the year, this Plan will be updated annually with new actions or the reformulation of existing ones to adapt them to the new situation.

The successive updates of the plan will leave behind them a trail of completed actions that, collectively, are a contribution of our Company to sustainable development.

